KEEGAN WERLIN LLP

ATTORNEYS AT LAW
265 FRANKLIN STREET
BOSTON, MASSACHUSETTS 02110-3113

(617) 951-1400

TELECOPIERS:
(617) 951-1354
(617) 951-0586

June 10, 2005

Mary L. Cottrell, Secretary
Department of Telecommunications and Energy
One South Station
Boston, MA 02110

Re: D.T.E. 05-45, Cambridge Electric Light Company

Dear Secretary Cottrell:

Enclosed for filing in the above-referenced matter is an original and four copies of the responses to the Information Requests set forth on the accompanying list.

Thank you for your attention to this matter.

Sincerely,

Robert N. Werlin

Enclosures

cc: Shaela McNulty Collins, Hearing Officer
Colleen McConnell, Assistant Attorney General
John A. DeTore

Responses to Information Requests

Information Request DTE-1-1

What factors did Cambridge consider in deciding how much to increase the transition charge to recover a portion of the projected $22.2 million under-recovery (i.e. continuity, carrying costs, etc.)? Please provide complete and detailed documentation concerning the amount of the proposed increase to the transition charge, including all analyses performed and written correspondence, as well as an explanation of the rationale used to determine the proposed increase.

Response

The decision to adjust Cambridge rates mid-year was to improve rate continuity in the Cambridge rates. As shown in Exhibit CAM-CLV-1 (Update 2005), the transition charge increases from 0.288 cents /kWh in 2005 to 1.946 cents/kWh in 2006 in the absence of a change in July 2005. The increase of more than 1½ cents is significant, although not unprecedented. In addition to the increase in the transition charge, it is possible that the rate for default service will increase in January 2006 as a result of the most recent competitive default service bids.

The decision as to what level to raise the rates to was based on maintaining the level of the transition charge in 2006. Thus, the rates for the second half of 2005 was increased to 1.332 cents / kWh, which, based on present forecasts would not need to be increased in 2006 while the deferred costs were eliminated.

Although it would have been possible to raise 2005 rates by a smaller amount, this would have resulted in higher rates for 2006 than proposed. If this were to happen, the decrease in 2007 to the forecast level of 0.798 cents/kWh (see Exh. CAM-CLV-1 (Update 2005)) would have been larger.

In summary, the decision to raise the current rate to the 2006 level was to reduce the sizeable increase in the forecast price at year-end 2005 and to reduce the sizeable decrease in 2007. By doing this, we achieve the objective of eliminating the deferral by the end of 2006 while achieving the Department's goal of rate continuity.

The decision on the appropriate rate increase was the result of verbal discussions between members of the Company's Revenue Requirement Department, its Rate Department, its Vice President, Financial, Regulatory and Environmental Planning and its outside Counsel with the firm Keegan Werlin LLP. There were no studies performed because the group concluded that the adjustment should be

simple, easy to understand and along the lines outlined above. The derivation of the proposed transition charges is set forth in Exhibit CAM-HCL-1 based upon information provided in Exhibit CAM-CLV-1(Updated 2005).

Information Request DTE-1-2

Please provide electronic copies of Exhibit CAM-HCL-2 and any associated work papers in Microsoft Excel format, with all formulas and links contained in the cells.

Response

An electronic copy of Exhibit CAM-HCL-2 is provided as Attachment DTE-1-2.

Information Request DTE-1-3

Refer to Exhibit CAM-HCL-2. Please explain (1) the function of the column labeled "Rate Design Adjustment" and (2) the process used to determine the values in that column using rate classes R-5 and G-3 as examples.

Response

The "Rate Design Adjustment" sets forth changes in individual rate components necessary to implement the overall rate changes when such rate changes cannot be implemented in the usual manner. For example, in a TOU rate, if there is currently no $/kWh charge in the off-peak period, there would be no indicated $/kWh credit in this period because that rate component would become negative. Instead, the off-peak credit is converted to a peak credit by the ratio of the respective TOU period kWh values. This process results in the same indicated overall revenue levels for the rate. The entries in the "Rate Design Adjustment" column set forth the resulting component rate changes. This process is also used to convert $/kWh charges to $/kW charges when indicated.

Specifically for Rate R-5, the present total transition charge, the sum of the transition and transition rate adjustment, is zero for the off-peak period. In order to maintain the total rate at zero, the indicated Transition Adjustment of 1.044 cents/kWh for the off-peak period was converted to 3.646 cents/kWh applicable to the peak period and the appropriate entries were made in the "Rate Design Adjustment" column.

In the case of Rate G-3, the DS Credit Adjustment was converted from a $/kWh credit to a $/kW credit, with the credit and offset entries listed in the appropriate columns. Also, because the present total $/kWh transition charges for each period are zero, the 1.044 cents/kWh Transition Adjustment was converted to the 4.65 $/kVA transition charge. In addition, in order to keep the price relationship between the first and second block demand charges relatively constant, revenue neutral adjustments to the first and second demand blocks of the transmission rate were made.

Information Request DTE-1-4

Refer to Exhibit CAM-HCL-2. Please explain the function of the charge labeled "Transition Rate Adjustment" (see, e.g., Exhibit CAM-HCL-2, at 2, "Rate Component" column for R-1, above the "Pension Adjustment" charge).

Response

The Transition Rate Adjustments reflect the credit or recovery of over or under collections of prior year transition charges for each rate class. The derivation of the values is set forth in Exhibit CAM-HCL-6 and explained in Exhibit CAM/COM-HCL at page 6 in D.T.E. 04-114. Attachment DTE-1-4 contains the cited portions of D.T.E. 04-114.

Attachment DTE-1-4

Companies can implement while maintaining the uniform 15 percent rate reduction for each rate class. As a result, Cambridge and Commonwealth are each projected to have an uncollected balance of transition costs at the end of year 2004. These proposed Transition Charges compare to the current Transition Charges for 2004 of 0.350 cents per kWh for Cambridge and 1.845 cents per kWh for Commonwealth. For reference, the initial Transition Charge included in the Restructuring Plan was 2.73 and 4.08 cents per kWh, respectively for Cambridge and Commonwealth. The amounts originally scheduled in the Restructuring Plan for 2005 were 1.633 and 3.441, respectively.

Q. How have you reflected the change to the Transition Charges in Cambridge and Commonwealth's rates?

A. First, I assign the same average Transition Charge rate to each rate class. To this average Transition Charge, I add a class-specific Transition Charge Adjustment, pursuant to the terms of the Companies' settlement agreement approved by Department in D.T.E. 00-83. The methodology for calculating the Transition Charge adjustment for each class for the year 2005 is set forth in Exhibits CAM-HCL-6 and COM-HCL-6. The purpose of the adjustment is to ensure that the reconciliation of the Transition Charge maintains a uniform recovery of the average transition charge from each customer class.

Q. What rate changes are proposed for Cambridge's Transmission rates?

A. The proposed average transmission rate reflects an increase of 0.709 cents per kWh

Cambridge Electric Light Company
Transition Revenue Analysis
Year 2003

Rate	Billed kWh (a)	Net Transition Revenue (b)	Theoretical Rate (c)	Theoretical Transition $ (d)	Year 2003 Overpayment (Underpayment) (e)	Cents/kWh Transition Rate Adj. (f)	Estimated 2005 kWh (g)
R-1	172,967,384	$ 421,152	$ 0.00200	$ 345,935	$ 75,217	(0.042)	177,977,200
R-2	7,944,308	$ 20,520	$ 0.00200	$ 15,889	$ 4,631	(0.057)	8,174,406
R-3	10,856,404	$ 28,928	$ 0.00200	$ 21,713	$ 7,215	(0.065)	11,170,848
R-4	722,373	$ 1,844	$ 0.00200	$ 1,445	$ 399	(0.054)	743,296
R-5	13,983	$ 55	$ 0.00200	$ 28	$ 27	(0.189)	14,388
R-6	16,779	$ 187	$ 0.00200	$ 34	$ 154	(0.890)	17,265
G-0	46,609,880	$ 115,701	$ 0.00200	$ 93,220	$ 22,482	(0.047)	47,959,885
G-1	221,246,203	$ 489,891	$ 0.00200	$ 442,492	$ 47,398	(0.021)	227,654,363
G-2	536,308,796	$ 1,185,067	$ 0.00200	$ 1,072,618	$ 112,450	(0.020)	551,842,408
G-3	580,999,441	$ 1,259,523	$ 0.00200	$ 1,161,999	$ 97,524	(0.016)	597,827,470
G-4	1,840,216	$ 4,471	$ 0.00200	$ 3,680	$ 790	(0.042)	1,893,516
G-5	17,514,762	$ 47,915	$ 0.00200	$ 35,030	$ 12,886	(0.071)	18,022,058
S-1	6,690,115	$ 13,708	$ 0.00200	$ 13,380	$ 328	(0.005)	6,883,887
CON SSM	43,047,228	$ 272,611	$ 0.00200	$ 86,094	$ 186,517	(0.421)	44,294,045
CON MIT	1,656,000	$ 2,141	$ 0.00200	$ 3,312	$ (1,171)	0.069	1,703,964
Total	1,648,433,872	$ 3,863,714		$ 3,296,868	$ 566,846	(0.033)	1,696,179,000
Total in Millions - overpayment = credit in 2005 reconciliation					$ 0.567		1,696,179,000

(a) 2003 sales and revenue report
(b) Exhibit HCL 6, page 2
(c) DTE 02-80B
(d) (a) *(c)
(e) (b) - (f)
(f) (e) / (g)
(g) Sales forecast

Cambridge Electric Light Company
Annual Revenue Statistics
Year 2003

Rate	Rate Code	kWh Use	Transition Total	DSA Rate	DSA$	Trans Adj Rate	Cents/kWh Trans Adj $	Net Transition $
		(a)	(b)	(c)	(d)	(e)	(f)	(g)
SB-1	D1,D2,D3	19,345,035	$ 115,255	$ 0.00160	$ 30,952	$ (0.00065)	$ (12,574)	$ 96,877
MS-1	D4,D5,D6	14,347,459	$ 45,457	$ 0.00160	$ 22,956	$ (0.00065)	$ (9,326)	$ 31,827
SS-1	D7,D8,D9	9,354,734	$ 169,539	$ 0.00160	$ 14,968	$ 0.00114	$ 10,664	$ 143,907
R-1	1	172,967,384	$ 607,957	$ 0.00160	$ 276,748	$ (0.00052)	$ (89,943)	$ 421,152
G-1	2	221,246,203	$ 936,808	$ 0.00160	$ 353,994	$ 0.00042	$ 92,923	$ 489,891
R-3	4	10,856,404	$ 39,024	$ 0.00160	$ 17,370	$ (0.00067)	$ (7,274)	$ 28,928
R-2	5	7,944,308	$ 29,735	$ 0.00160	$ 12,711	$ (0.00044)	$ (3,495)	$ 20,520
G-0	6	46,609,880	$ 170,235	$ 0.00160	$ 74,576	$ (0.00043)	$ (20,042)	$ 115,701
R-4	7	722,373	$ 2,913	$ 0.00160	$ 1,156	$ (0.00012)	$ (87)	$ 1,844
R-6	10,16	16,779	$ 412	$ 0.00160	$ 27	$ 0.01180	$ 198	$ 187
Xmission	12	-	$ 3,140	$ -	$ -	$ 0.01180	$ -	$ 3,140
S-1	19	5,927,984	$ 20,866	$ 0.00160	$ 9,485	$ (0.00008)	$ (474)	$ 11,855
G-5	36	17,514,762	$ 60,876	$ 0.00160	$ 28,024	$ (0.00086)	$ (15,063)	$ 47,915
R-5	48,49	13,983	$ 29	$ 0.00160	$ 22	$ (0.00347)	$ (49)	$ 55
G-4	52,53	1,840,216	$ 3,661	$ 0.00160	$ 2,944	$ (0.00204)	$ (3,754)	$ 4,471
CON - Belmont	60	50,592,406	$ 18,548	$ -	$ -	$ -	$ -	$ 18,548
G-2	62,63,64	536,308,796	$ 2,440,030	$ 0.00160	$ 858,094	$ 0.00074	$ 396,869	$ 1,185,067
G-3	70,71,72	580,999,441	$ 2,851,461	$ 0.00160	$ 929,599	$ 0.00114	$ 662,339	$ 1,259,523
CON - MIT	73,74,75	1,656,000	$ 10,421	$ 0.00160	$ 2,650	$ 0.00340	$ 5,630	$ 2,141
S-1	80	762,131	$ 3,011	$ 0.00160	$ 1,219	$ (0.00008)	$ (61)	$ 1,853
Total		1,699,026,278	$ 7,529,378		$ 2,637,494		$ 1,006,482	$ 3,885,402
Wholesale	12,60	(50,592,406)	(21,688)		$ -		$ -	$ (21,688)
Retail		1,648,433,872	7,507,690		$ 2,637,494		$ 1,006,482	$ 3,863,714

(a) Sales and revenue report
(b) Sales and revenue report
(c) DTE 02-80B
(d) (a) *(c)
(e) DTE 02-80B
(f) (a) * (e)
(g) (b) -(d) - (f)

Information Request DTE-1-5

Refer to Exhibit CAM-HCL-3. Please provide bill impacts using, in the proposed rates section of the analyses, the default service rates and the default service adder, which the Department approved on May 27, 2005, to be effective on July 1, 2005. Provide these documents in Microsoft Excel format, with all formulas and links contained in the cells.

Response

Please refer to the Excel spreadsheet provided as Attachment DTE-1-5 at the tab labeled "Exh 3-TypBills".

Information Request DTE-1-6

Refer to Exhibit CAM-HCL-3, at 11-13. Please explain why Cambridge uses 6.854 cents per kilowatthour ("KWH") as the present default service rate on page 11, and 6.602 cents per KWH on pages 12 and 13.

Response

The default service rate listed on page 11 of Exhibit CAM-HCL-3 is incorrect. The correct default service rate for Rate G-2 is 6.602 cents per kWh. The typical bill worksheet provided in Attachment DTE-1-2 reflects the corrected page 11.

Information Request DTE-1-7

Please rerun Exhibits CAM-CLV-1 (Revised) and CAM-HCL-3 using the following transition charges to be effective July 1, 2005: (a) 1.071 cents per KWH; (b) 0.810 cents per KWH; (c) 0.549 cents per KWH; and (d) 0.288 cents per KWH.

Response

[CONFIDENTIAL ELECTRONIC ATTACHMENTS]

Please refer to Attachments DTE-1-7(a) – 7(d) which are Excel models that set forth the requested information for Exhibit CAM-HCL-3 at the tab labeled "Exh 3-TypBills".

Please refer to Attachments DTE-1-7(e) – 7(h)**(CONFIDENTIAL)**, which provides Exhibit CAM-CLV-1 with the requested transition charge rates effective July 1, 2005. Please note that all versions of Exhibit CAM-CLV-1 contain confidential information and are being provided to the Hearing Officer and those who have entered into non-disclosure agreements.